

# A Dearth of Taxes

President Bush considers himself a champion tax cutter, but all the leading Republican presidential candidates are eager to outdo him. Their zeal is misguided. This country's meager tax take puts its economic prospects at risk and leaves the government ill equipped to face the challenges from globalization.

According to a report from the Organization of Economic Cooperation and Development, a think tank run by the industrialized countries, the taxes collected last year by federal, state and local governments in the United States amounted to 28.2 percent of gross domestic product. That rate was one of the lowest among wealthy countries — about five percentage points of G.D.P. lower than Canada's, and more than eight points lower than New Zealand's. And Danes, Germans and Slovaks paid more in taxes, as a share of their economies.

Politicians on the right have continuously paraded the specter of statism to rally voters' support for tax cuts, mainly for the rich. But the meager tax take leaves the United States ill prepared to compete. From universal health insurance to decent unemployment insurance, other rich nations provide their citizens benefits that the United States government simply cannot afford.

The consequences include some 47 million Americans without health insurance and companies like General Motors being dragged to the brink by the cost of providing workers and pensioners with medical care.

President Bush and his tax-averse friends extol the fact that the tax haul has risen over the past two years as evidence of the wisdom of his tax cuts. But if anything, the numbers underscore the economy's weaknesses — mainly its growing inequality.

Indeed, the growth in tax revenue since 2004 is due mostly to the spectacular increase in corporate profits, which have grown at the expense of workers' wages. Moreover, it's proving ephemeral. As economic growth has decelerated, corporate profits are losing steam and the growth of tax revenue has begun to slow. This pretty much guarantees that the revenue will prove too low to face the challenges ahead.